

**MINUTES OF SPECIAL MEETING  
SERIES 2006 B SINGLE FAMILY MORTGAGE BONDS  
April 24, 2006, 2:00 P.M.**

Notice having been given, the Montana Board of Housing held a special meeting on the issuance of its Single Family Program Bond Series 2006 B. The meeting took place on April 24, 2006 via teleconference to discuss the market, pricing of the bonds, and potential sale. Present were:

Board members: Bob Thomas, Susan Moyer, Judy Glendenning, and J P Crowley

MBOH Staff: Bruce Brensdal, Chuck Nemec, Nancy Leifer, Vicki Bauer, Charlie Brown and Julia Hall

Legal Counsel: Pat Melby

UBS Financial: Peter Nolden, Mina Choo, Lorraine Palacios, and Drew Gurley

Bond Counsel: Ann Atkinson

Peter Nolden said that Drew from New York underwriting desk would summarize the retail order period, give an update on the market, and post the scale to go out with tomorrow morning to finish the deal. A confirmed rating was received from Moody's of AA1. Standard and Poors was going to rating committee in the morning. The rating was expected in the afternoon, and it was expected to be AA+.

Drew gave the Board an update on the market. He reported that they went out with a scale in the morning and the total retail was about 8 million with most of it through five years. The Market for the day was better. The 10-year was yielding a 4.98% that is up about a quarter of a point. The 30-year was at a 5.06% that was up about three-eighths of a point. Oil had come down a little from above \$75 a barrel to under \$74 that had helped. Rates had gone up over the last couple weeks; it seemed inevitable that the 10-year would get back to a 5%. Since then it had gone back and forth between 4.94/4.95% and gotten about as high as 5.06/5.07%. It had been going back and forth with the economic news that had been coming out. The most important economic news coming up this week is Chairman Bernake speaking before Congress, but would be on Thursday and we would be in and out of the market before then. There was also GDP on Friday. For Wednesday there were a couple things coming up. The main ones are consumer confidence at 10 o'clock eastern, and existing home sales at 10 o'clock eastern. Some relatively minor numbers include a two-part auction for treasuries on Wednesday and Thursday, once again we would be in and out of the market before then, so it shouldn't affect us. He believed that the announcement would be made tomorrow and that if it was larger than normal it could possibly affect the market. Supply this week in munis was going to be above average, as far as housing deals went there was Kentucky selling on Wednesday; Minnesota on Wednesday; and Massachusetts, primarily Multi-family, on Wednesday or Thursday. Minnesota had the largest, which was about \$85 million or so. Those would be following us on Wednesday or Thursday. There were seven deals last week, yields got cheaper or higher in yield as the week

went along. The market was a little soft, so the yields had to get higher to absorb some of the paper that was out there. Overall, with the exception of the serial bonds, the market absorbed for the most part the term bonds that were priced out there, so there shouldn't be any backlog. They had gone out with the retail scale during the day. They didn't open up all the term bonds, because retail hadn't been buying much on the long end. They figured that they would open up the 5% bonds and the twenty-year bonds. The structure was changed from what was originally mailed. The primary reason for this was that recently there had been a couple of buyers that had bought bonds in the 15-year range and they were trying to take advantage of the yield curve there by creating a term bond in twenty-one. Drew then updated the board on the changes to the scale since the last board meeting.

Peter stated that the expected rate would put the mortgage rate extremely close to 5.75%, which was where commitments were currently being taken. It was possible for it to go a basis point or two under or over. It would be very close with very little change since the board meeting in Hardin.

Drew proposed releasing between 9:30 and 10:00 eastern. Orders would be for an hour and a half or two. Staff will work with Peter and call close to 11:00 AM to consider giving verbal approval of the pending sale tomorrow.

Peter stated that a conference call would take place on Wednesday at 9:00 a.m. to consider adopting the formal Board resolution.

Consensus was given to proceed.

The meeting adjourned at 2:24 p.m.

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Bob Thomas, Chairman

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Date

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Bruce Brensdal

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Date